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EXAMINER
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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* LEE MACKLIN, KAY BURROWS, and DARYL SCHROEDER

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Appeal 2009-004780  
Application 10/052,608  
Technology Center 3600

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Before, HUBERT C. LORIN, JOSEPH A. FISCHETTI, and BIBHU R.  
MOHANTY, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, or for filing a request for rehearing, as recited in 37 C.F.R. § 41.52, begins to run from the “MAIL DATE” (paper delivery mode) or the “NOTIFICATION DATE” (electronic delivery mode) shown on the PTOL-90A cover letter attached to this decision.

## STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1-23. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We Affirm-In-Part.

## THE INVENTION

Appellants claim a system and method for web based compensation program. (Specification ¶¶ 0001)

Claims 1 and 10 reproduced below, are representative of the subject matter on appeal.

1. A network based payment processing system comprising:  
an input process configured to receive disbursement requests,  
an authorization process configured to apply predetermined rules to control verifying proper authorization of said disbursement requests,  
an accounting process configured to track parameters pertaining to the fulfillment of authorized ones of said disbursement requests, and  
an output process configured to process said disbursement requests for payment.

10. A network based method of disbursing funds, said network based method including the steps of:  
receiving a disbursement request;  
applying predetermined rules to authorize said disbursement request;  
supervising the proper approval based on applied ones of said authorization rules;

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tracking available funds from which said disbursement is to be drawn;  
and processing said disbursement for payment.

#### THE REJECTIONS

The Examiner relies upon the following as evidence of  
unpatentability:

McGurl	US 5,893,080	Apr. 6, 1999
Hilt	US 6,032,133	Feb. 29, 2000
Kahn	Us 6,401,079 B1	Jun. 4, 2002

The following rejections are before us for review.

Claims 1-3, 8, 9 and 21 are rejected under 35 U.S.C.  
§102(b) as being anticipated McGurl.

Claims 10-20 are rejected under 35 U.S.C. § 102(e) as being  
anticipated by Kahn.

Claim 4 is rejected under 35 U.S.C. § 103(a) as being unpatentable  
over McGurl and further in view of Kahn.

Claim 5 is rejected under 35 U.S.C. § 103(a) as being unpatentable  
over McGurl and further in view of Hilt.

Claim 6 is rejected under 35 U.S.C. § 103(a) as being unpatentable  
over McGurl and further in view of Kahn.

Claim 7 is rejected under 35 U.S.C. § 103(a) as being unpatentable  
over McGurl and further in view of Kahn.

## ISSUE

The issue of anticipation turns on whether each of McGurl and Kahn explicitly or inherently discloses rules controlling verifying the issuing or authorization of a disbursement request?

The issues of obviousness surrounding the combination of McGurl and Kahn relate ancillary to the above-stated issue of anticipation.

## FINDINGS OF FACT

We find the following facts by a preponderance of the evidence:

1. We adopt the Examiner's findings as our own as set forth on pages 3-10 of the Answer.

2. McGurl discloses:

Individual disbursement requests entered into the system 10 via the receiving means 12 are then transmitted to the payment disbursement/command generator means 18. Generator means 18 automatically generates an individual payment disbursement and commands for effectuating same based upon the individual disbursement request received by the receiving means 12 and user-predefined disbursement criteria stored in the database means 20.

(Col. 4, ll. 16-23).

3. McGurl discloses that the generator means verifies information about the disbursement request:

...by automatically determining the type of the individual request by querying the database means

20 as to whether the payee name, type, and/or group data of the individual request received from receiving means 12 corresponds to disbursement criteria currently found in the database 20. If such correspondence is found to exist, the database means 20 transmits to the generator means 18 the disbursement criteria corresponding to the individual request.

(Col. 4, ll. 24-32).

4. McGurl discloses that the generator means 18 transmits disbursement commands to a preview means 30 where another individual reviews and either changes or approves the disbursement as acceptable.  
(Col. 5, ll. 1-11; 14).

5. The ordinary and customary definition of the term accounting as defined by Merriam Webster's Collegiate Dictionary (10th ed.) includes: analyzing, verifying and reporting results. (<http://www.merriam-webster.com/dictionary/accounting>)

6. The ordinary and customary definition of the term authorize as defined by Merriam Webster's Collegiate Dictionary is: to establish by or as if by authority. (<http://www.merriam-webster.com/dictionary/authorize>)

7. Kahn discloses:

Full-featured payroll system functionality includes the automated collection of employee data (e.g. timesheets that can be entered manually or automatically via an interface with time clock devices) and the calculation of employee/contractor income, taxes, and pre-tax and post-tax deductions. The system automatically calculates overtime, imputed income, and paid-time-off benefits, and allocates the sharing of payments for

other programs between employers and employees, well as enabling employers to set up custom policies, e.g., for overtime, 401(k) and medical “cafeteria” plans.

(Col. 5, ll. 35-46).

8. Kahn discloses that:

Rules data 120 includes a variety of rules applied by application server 20 in performing payroll and benefits processing. Rules data 120 contains system-defined rules related to such functionality as overtime calculation (e.g., different rules based on daily, weekly, and bi-weekly overtime limits, as applicable), payment calculation, tax calculation, reporting, and legal compliance.

(Col. 14, ll. 8-14).

9. Kahn discloses transferring summary data to a payroll functionality server which in turn establishes or authorizes payment amounts to such other entities as an insurance benefit provider. (Col.18, ll. 30-35).

10. Kahn discloses that the employer and not the employee validates the payment on the payroll request made by the employee. (Col. 17, ll. 35-37).

11. Kahn discloses the employee data includes tracking of employee’s gross earning, etc. (Col. 17, ll. 48-50).

## ANALYSIS

We affirm the rejections of claims 1-12, 14-23, and reverse as to claim 13.

*The 35 U.S.C. § 102 rejections*

Claim 1

Appellants argue that the “procedure, in McGurl, of ensuring that any missing information is eventually provided does not disclose an authorization process to control verifying proper authorization of disbursement requests.” (Appeal Br. 7).

We disagree with Appellants because we find that the generator means 18 in McGurl is configured to apply predetermined rules to control the issuing, and hence verifying, of proper authorization of disbursements. Specifically, we find that McGurl discloses receiving individual disbursement requests entered into the system 10 via the receiving means 12. (FF 1). These requests are processed by a payment disbursement/command generator means 18 to automatically generate an individual payment disbursement by automatically verifying data, such as the type of the individual request, payee name, and/or group data of the individual request against disbursement criteria currently found in the database 20. (FF 3). We thus find that this step uses a set of rules controlling verifying the issuing or authorization of disbursement request as required by the claims.

Appellants next seize on the words, “accounting process”, and argue that only monitoring occurs in McGurl, that accounting and monitoring are dissimilar, and thus the claim is not anticipated (Appeal Br. 8).

We disagree with Appellants. Appellants’ Specification does not specifically define the term *accounting*, nor does it utilize the term contrary



to its customary meaning. We find that the definition of *accounting* includes the tasks of verifying and analyzing (FF 5), and thus find that the process in McGurl discussed above, where an individual request is verified and analyzed by querying the database 20, constitutes *accounting*.

#### Claim 21

Claim 21 recites, in pertinent part, at least one individual originates said disbursement requests and said authorization process includes a determination whether approval is required from at least one individual different from said at least one individual that originates said disbursement requests.

Appellants challenge the Examiner's reading of the generator means 18 in McGurl as a second individual. (Appeal Br. 10) We find no error with the Examiner's interpretation here because the generator means 18 is disclosed as transmitting disbursement commands to a preview means 30 where another individual reviews and either changes or approves the disbursement as acceptable (FF 4), as required by the claims.

#### Claim 10

Appellants argue "[r]ules for computing the amount of the disbursement do not disclose rules that authorize the disbursement request." (Appeal Br. 10).

We disagree with Appellants.

We find that Appellants' Specification does not specifically define the term *authorize*, nor does it utilize the term contrary to its customary

meaning. The ordinary and customary meaning of *authorize* is “to establish by or as if by authority.” (FF 6). We find that the rules involved in Kahn establish as if by authority of ownership, the amount due to an employee in that the system in Kahn automatically collects employee time data and then calculates the employee/contractor income based on the predetermined rules governing the disbursement (FF 7).

Claim 13

We will not sustain the rejection of claim 13 for the reasons set for in the Appeal Brief.

Claim 14

We sustain the rejection of claim 14 because we agree with the Examiner that the number of hours worked exceeding maximum overtime limits (FF 8) is an amount governed by predetermined rules.

Claim 15

We sustain the rejection of claim 15 because we find that each employee’s time sheet is a request for payment (FF 7). We further find that if the time sheet is not complete, then the system in Kahn could not operate to establish an amount due because the time sheet is in effect a claim for payment for hours worked, and the rules data 120 in Kahn would inherently deny authorization due to the lack of a complete claim. “It is well settled that a prior art reference may anticipate when the claim limitations not expressly found in that reference are nonetheless inherent in it. Under the principles of inherency, if the prior art necessarily functions in accordance with, or

includes, the claimed limitations, it anticipates.” *In re Cruciferous Sprout Litig.*, 301 F.3d 1343, 1349 (Fed. Cir. 2002) (citations and internal quotation marks omitted).

### Claim 19

Claim 19 recites, in pertinent part: an authorization module configured to control proper authorization of said payment requests to provide approved payments.

Appellants argue that Kahn does not disclose an “authorization module configured to control proper authorization” (Appeal Br. 13)

We disagree with Appellants for the same reasons set forth above that Kahn’s rules relating to calculating a disbursement amount is an authorization of the disbursement.

While claim 19 includes the new language of “to provide approved payments”, we do not find this to be a departure from the scope of claim 10 because we interpret the latter use of “approved” modifying “payments” to mean that the act of authorizing results in approved payments.

We further find that Appellants’ use of the term “module” leaves open to interpretation whether “module” is a device or a software component. *See In re Comiskey*, 499 F.3d 1365, at 1379 (Fed. Cir. 2007) *citing* Alan Freedman, *The Computer Glossary* 268 (8th ed. 1998) (defining module as “[a] self-contained hardware or software component that interacts with a larger system). Thus, we find that Kahn’s disclosure of an application server driven by rules data (FF 8, 9) constitutes at least software component which

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effects calculating a disbursement amount as an authorization of the disbursement.

#### Claim 20

We will sustain the rejection of claim 20.

Claim 20 recites, in pertinent part, said authorization module includes a routing module configured to obtain authorization of said payment from a number of authorization entities.

We find that Kahn discloses transferring summary data to another authorization entity e.g., a payroll functionality server, which in turn establishes or authorizes payment amounts to such other entities as an insurance benefit provider (FF 9), constitutes another authorization authority.

#### Claims 22 and 23

We will sustain the rejection of claims 22 and 23 because we agree with the Examiner that the submission of the time sheet in Kahn by an employee is an individual different from the employer who validates or approves such a disbursement on the request (FF 10).

Appellant's argument to the funding of the disbursement in Kahn (Appeal Br. 15) fails from the outset because it is not based on limitations appearing in the claims. *In re Self*, 671 F.2d 1344, 1348 (CCPA 1982).

The rejection under 35 U.S.C. § 103(a)

#### Claim 4

We will sustain the rejection of claim 4, because as found, *supra*, with

regard to claims 22 and 23, the employer is designated to approve disbursements, and we find that a person with ordinary skill in the art would understand that, conversely, someone other than the employer would cause the disbursement to be denied.

#### Claim 6

We will sustain the rejection of claim 6 because the employee data includes tracking of employee's gross earning (FF 11), which are multiple awards of disbursements over the course of a year for the particular employee.

#### Claim 7

We will sustain the rejection of claim 7 because we find that Kahn discloses multiple funds e.g., FICA and 401k, etc., to which a plurality of disbursement are paid (FF 7).

We affirm the rejections the remaining dependent claims not discussed above since Appellant has not challenged such with any reasonable specificity (see *In re Nielson*, 816 F.2d 1567, 1572 (Fed. Cir. 1987)).

### CONCLUSIONS OF LAW

We conclude the Examiner did not erred in rejecting claims 1-3, 8, 9 and 21 under 35 U.S.C. § 102(b) as being unpatentable over McGurl.

We conclude the Examiner did not erred in rejecting claims 4-7 under

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35 U.S.C. § 103(a) as being unpatentable over McGurl, Kahn and Hilt.

We conclude the Examiner did not erred in rejecting claims 10-12, 14  
15-20 under 35 U.S.C. § 102(e) as being anticipated by Kahn.

We conclude the Examiner erred in rejecting claim13 under 35 U.S.C.  
§ 102(e) as being anticipated by Kahn.

#### DECISION

The decision of the Examiner to reject 1-14, 15-23 is Affirmed.

The decision of the Examiner to reject claim 13 is Reversed.

#### AFFRIM-IN-PART

MP

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